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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
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In the Matter of)	
)	
Number Portability Query Services)	CC Docket No. 98-14
)	
Ameritech Tariff F.C.C. No. 2, Transmittal Nos. 1123, 1130;)	CCB/CPD 97-46
)	
Bell Atlantic Tariff F.C.C. No. 1, Transmittal No. 1009;)	CCB/CPD 97-52
)	
Southwestern Bell Tariff F.C.C. No. 73 Transmittal No. 2680)	CCB/CPD 97-64
)	
Pacific Bell Tariff F.C.C. No. 128 Transmittal No. 1962)	CCB/CPD 97-65
)	

COMMENTS ON DIRECT CASE BY WORLDCOM, INC.

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February 20, 1998

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Transmittal No. 1962)	

COMMENTS ON DIRECT CASE BY WORLDCOM, INC.

WorldCom, Inc. ("WorldCom") hereby files its comments in opposition to the direct cases submitted to the Competitive Pricing Division ("Division") by Ameritech, Bell Atlantic, Southwestern Bell, and Pacific Bell in the above-referenced proceedings. The Division should reject those tariff filings as unlawful and unreasonable.

I. INTRODUCTION AND BACKGROUND

WorldCom, Inc. is a premier global telecommunications company. Through its wholly-owned subsidiaries WorldCom Technologies, Inc., MFS Telecom, Inc., WorldCom Network Services (d/b/a WilTel Network Services), and UUNET Technologies, Inc., the new WorldCom provides its business and residential customers with a full range of facilities-based and fully integrated local, long distance, and international telecommunications services, and information services. In particular, WorldCom currently is the fourth largest facilities-based

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interexchange carrier ("IXC") in the United States, as well as a significant facilities-based competitive local exchange carrier ("CLEC") and Internet service provider ("ISP").

Late last year, WorldCom filed petitions, initial comments, and reply comments opposing the ILECs' Part 69 requests and tariff transmittals.¹ WorldCom indicated there that it agrees generally with the RBOCs that the establishment of new service and rate elements for long-term local number portability ("LNP") is necessary so that all carriers know what charges will apply for the RBOCs to perform prearranged and default LNP on behalf of interexchange carriers. However, the key questions remain what costs can be recovered, and in what manner, questions that no incumbent local exchange carrier ("ILEC") can be allowed to answer on a wholly unilateral basis. Thus, while WorldCom understands the RBOCs' intentions in proposing their query rate elements, WorldCom opposed the actual rate elements themselves because (1) they rested on dubious cost allocation decisions still unresolved by the Commission, and (2) otherwise are unsubstantiated.

After granting the RBOCs' Part 69 petitions -- expressly conditioned on conformance with the Commission's still-unreleased long-term cost allocation and recovery order

¹ See, e.g., Petition of WorldCom to Reject or, In the Alternative, Suspend and Investigate, Tr. No. 1123, September 23, 1997 (Ameritech tariff filing); Reply Comments of WorldCom, Inc., CCB/CPD 97-48, filed September 22, 1997 (Ameritech Part 69 waiver request); Comments of WorldCom, Inc., CCB/CPD 97-52, October 3, 1997 (Bell Atlantic Part 69 waiver request); Reply Comments of WorldCom, Inc., CCB/CPD 97-52, October 10, 1997 (Bell Atlantic Part 69 waiver request); Opposition of WorldCom, Inc., CCB/CPD 97-26, June 23, 1997 (SBC Part 69 waiver request); Reply Comments of WorldCom, Inc., CCB/CPD 97-26, July 3, 1997 (SBC Part 69 waiver request).

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-- on January 30, 1998, the Division issued an Order Designating Issues for Investigation.²

This order focused on whether many aspects of the RBOCs' proposals are lawful and reasonable, including:

- (1) the RBOCs' query rates themselves, and the supporting cost methodologies;³
- (2) the RBOCs' demand forecasts, and the supporting assumptions;⁴
- (3) Ameritech's proposal to establish prearranged and default queries, and to block unqueried calls;⁵ and
- (4) the RBOCs' proposed nonrecurring activation and billing charges.⁶

The Division further directed the RBOCs to present their investment and cost estimates in a manner consistent with the Commission's proposed categories -- shared costs, carrier-specific LNP costs, and carrier-specific non-LNP costs -- "with sufficient specificity to allow the Commission and other parties to evaluate them."⁷

WorldCom continues to oppose the RBOCs' LNP query tariff filings. Between

² Number Portability Query Services, Order Designating Issues for Investigation, CC Docket No. 98-14 et al., DA 98-182, issued January 30, 1998 ("Investigation Order").

³ Investigation Order at para. 9.

⁴ Investigation Order at para. 10.

⁵ Investigation Order at para. 13.

⁶ Investigation Order at para. 14.

⁷ Investigation Order at para. 15.

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the generic problems that affect all the filings, and the individual flaws attributable to each, there is no valid basis for the Commission to conclude that the resulting rates, terms, and conditions are lawful and reasonable. The Commission should reject the tariff filings or, in the alternative, hold them in abeyance until the long-term cost allocation and recovery order has been issued.

II. THE DIVISION SHOULD REJECT THE ILECS' QUERY SERVICE TARIFFS AS UNSUPPORTED AND UNREASONABLE

Given the sparse information contained in the four RBOCs' direct cases in this proceeding, WorldCom continues to oppose the RBOCs' LNP query tariff filings. WorldCom does not believe that the RBOCs have responded substantively and adequately to the Commission's tariff investigation. In fact, Pacific Bell and Southwestern Bell are attempting to sidestep the investigation entirely by promising in their mirror-image pleadings to provide new and improved tariffs sometime in the future.⁸ Further, Bell Atlantic and Ameritech have provided few details, and no actual equations with specific dollar allotments based on percent of use or other factors, to go along with their protestations of any wrongdoing.

As will be discussed in more detail below, each tariff transmittal is flawed in different ways. For example, it appears that Bell Atlantic is trying to recover all LNP-related costs in its tariffs. Because Pacific Bell and Southwestern Bell have conveniently refused to respond to the Commission's investigation, it is unclear whether or not their costs are in line

⁸ Direct Case of Southwestern Bell at 2; Direct Case of Pacific Bell at 2.

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with Commission requirements. Although Ameritech at least filed a lengthier document, there is no financial underpinning, including the dollar and percentage calculations that the Commission asked to be provided. For all these individual reasons, the tariff transmittals should be rejected.

A. Each Of The Tariff Filings Share Fatal Flaws

Initially, without issuance of the Commission's pending order of LNP cost recovery, the very premise of all four pending LNP query tariffs is flawed. On February 12, the Commission recently informed the Tenth Circuit Court of Appeals that a draft of the long-term portability order is pending before the Commission, and that staff "expects a decision on this order in the immediate future."⁹ Given the critical need for this order to set the parameters for how the ILECs can properly allocate and recover costs, the tariff transmittals are premature. The Division should reject the tariff filings for this cogent reason alone.

WorldCom also notes that there is a significant and unexplained variance in the rates and terms contained in the four proposed tariffs. In particular, not only do the dollar amounts of charges vary widely, the types of charges assessed and the costs recovered also differ substantially. These disparate treatments of the same costs is troubling, and must be further investigated. Further, the costs incurred to modify SS7, OSS, and billing systems are costs

⁹ Status Report of the Federal Communications Commission, US West, Inc. v. FCC (10th Cir. No. 97-9518), dated February 12, 1998, at 1.

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more directly related to number portability, and other services, and should not be included in query charges.

The RBOCs also have failed to include in their demand forecasts the fact that many carriers may well use service bureaus or other carriers to provide query services. Wireless carriers too may choose to go to a service bureau or to an IXC that has developed its own capability for queries.

WorldCom also objects to the deceptively termed "non-recurring" default billing charges. Ameritech, Southwestern Bell, and Pacific Bell apparently plan to bill carriers \$475, \$310.76, and \$227 respectively per monthly bill. If this is so, it goes without saying that "monthly" is hardly non-recurring. If such a charge is meant to recover the initial billing set-up account charges, one month certainly is sufficient. WorldCom does not understand why this charge would be much different from a nominal account set-up charge.

Finally, WorldCom asks the Commission to redirect Ameritech, Bell Atlantic, Pacific Bell and Southwestern Bell to file specific financial calculations and to show the lineage of any costs estimated by them. By lineage, WorldCom means that each RBOC must show specific items and their costs broken down into details as well as the calculations, and all the variables used. Dollar amounts are essential elements; without much more quantifiable numerical data, neither the Commission nor the industry can know with any certainty the extent of hidden costs dumped on query services and charges.

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B. The Individual Tariff Filings Show Additional Flaws

1. Southwestern Bell and Pacific Bell

WorldCom considers the many questions posed in the Investigation Order to be invaluable in determining the appropriateness and fairness of the tariffs to perform local number portability query services and greatly appreciates the Commission extending its limited resources in this regard. Therefore, WorldCom strongly opposes the misguided suggestions by Pacific Bell and Southwestern Bell that the Commission declare as moot the pending investigation into these tariffs.¹⁰ WorldCom is intrigued by the two companies' rationale that "the development of updated cost support and demand forecasts which have result in revised tariffed rates and charges" have rendered the inquiry moot. If anything, the need for such an investigation is demonstrated more clearly by such unsubstantiated proclamations.

WorldCom finds it particularly curious that both RBOCs chose not to file updated cost support and demand forecasts as soon as such information was available. In fact, Pacific Bell and Southwestern Bell have waited until now to let the Commission know that such presumably more accurate information is available, and they have requested permission to file such information only within the structure of an investigation. Some parties might plausibly view such actions as delaying tactics.

Further, no convincing argument has been advanced by either RBOC as to why

¹⁰ Direct Case of Southwestern Bell at 2; Direct Case of Pacific Bell at 2.

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the questions posed by the Commission regarding the now-on-file tariffs should not be directed to any of their future LNP query service tariff filings. Not wanting to answer probing and pertinent questions is not reason enough for not actually doing so. WorldCom therefore respectfully requests that the Commission direct Pacific Bell and Southwestern Bell to file immediately both their new and improved cost estimate and demand forecasts, as well as their responses to the Commission's questions for the newly filed tariff rates and other material.

2. Bell Atlantic

WorldCom asks the Commission to reject Bell Atlantic's tariff because it is inappropriately based on both shared industry costs and its supposedly direct LNP-related costs.¹¹ Both issues are pending currently before the Commission.

Costs related to LNP implementation must not be included in query charges. Query charges are directed toward only one class of customer and user; therefore, if any cost other than the very specific, direct cost of providing that service is allowed to be added to the fees charged, such pricing will be anticompetitive and unlawful.

WorldCom is also concerned about the lack of supporting information in Bell Atlantic's response. For example, Bell Atlantic's unquantifiable claim that "network surveillance and monitoring systems had to be modified" simply is not sufficient proof to be used as reasons

¹¹ Direct Case of Bell Atlantic at 2.

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for inflating the cost of queries.¹² WorldCom believes the Commission asked some detailed questions with the expectation of getting detailed answers. Nonetheless, Bell Atlantic failed to provide calculations to substantiate its claims.

In another example of a noncommunicative response, Bell Atlantic states that:

Total query costs were developed by applying appropriate cost factors from Bell Atlantic's standard cost models. We divided the total query cost by the forecast number of database queries to derive a per query figure. We then adjusted this number to account for differences in the three different Service Provider Number Portability Database Services.¹³

Neither WorldCom nor the Commission are interested in a brief narrative of how Bell Atlantic performs its calculations. Any interested party should be able to discern how Bell Atlantic, or any other RBOC, performs its calculations by using explicit financial information.

It is also inappropriate for Bell Atlantic to include NPAC LSMS costs in its calculations. The few numbers Bell Atlantic provided are only back of the envelope estimates for such costs, and in no way demonstrate that Bell Atlantic has taken into account the ever increasing mix of carriers bearing the cost of the NPAC.

Finally, the Type II costs listed by Bell Atlantic are far from self-explanatory and give little evidence of their validity. The Commission cannot accept on faith that these figures are valid, or the calculations fair and appropriate.

¹² Direct Case of Bell Atlantic at 3.

¹³ Direct Case of Bell Atlantic at 2.

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3. Ameritech

WorldCom is perplexed and concerned that Ameritech appears to believe it has the right to block pre-arranged calls in the event that a carrier underestimates volume by a certain amount. For one thing, the traffic estimates requested by Ameritech constitute competitive information regarding traffic that IXCs carry, and are not necessary for the ostensible purpose Ameritech claims. As a potential competitor looming in the near-future, WorldCom is not inclined to providing market studies for Ameritech or any RBOC.

WorldCom acknowledges that carriers run the risk of having their default calls blocked where, as the Commission has stated, carriers do not arrange queries beforehand, and the network is in danger. But the Ameritech proposal gives the RBOC a weapon to use at will against carriers for deliberate service interruption, and also fosters intelligence gathering as well. The Commission should not sanction such activities.

WorldCom also objects to the Ameritech belief, as indicated in its pricing position, that query service is not the number portability required to be provided by LECs under Sec. 251 of the Act.¹⁴ Under this view, query-related costs are not subject to the competitively neutral mandate. However, there can be no dispute that query service would not exist except for LNP. It is undeniably a sub-service of LNP, and without question may not be used as a convenient catch-all for expenses and charges by any RBOC or LEC.

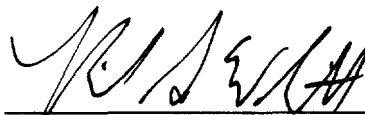
¹⁴ Direct Case of Ameritech at 9.

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III. CONCLUSION

For the reasons given, the Division should reject the tariff transmittals in question.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'R. S. Whitt', is written over a horizontal line.

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CERTIFICATE OF SERVICE

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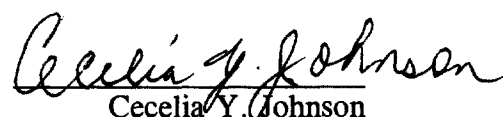
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